

Missouri Attorney General  
**CHRIS KOSTER**



**2009 Annual Report**



Fellow Missourians,

It is my honor to serve as your attorney general, and I'm pleased to share the Attorney General's Office 2009 Annual Report with you. The report is configured to show the work and accomplishments of each of our divisions. We have made great strides over the past year in a number of important areas.

- We continue to advocate on behalf of Missouri consumers, going after scam artists who prey on vulnerable citizens.
- Our office continues as a national leader in recovering taxpayer dollars stolen through Medicaid fraud.
- We launched a clean water initiative to fulfill our obligation as environmental stewards.
- A cooperative effort between the Attorney General's Office and the Department of Agriculture is under way to clean up Missouri puppy mills.
- We protect the public safety by representing the state in criminal appeals and frivolous inmate lawsuits.
- We help ensure open government through our program to educate government officials about Missouri's Sunshine Laws.

I take very seriously our duty to use the taxpayer dollars budgeted to our office responsibly and wisely, and I'm pleased to report that during 2009, this office generated or saved \$20.32 for every tax dollar spent.

Of course, our successes over the past year are attributable to the fine men and women who make up the Attorney General's Office staff. I've received many, many letters over the past year from Missourians expressing their gratitude for the help and support they have received from our staff. A confluence of talent, work ethic, and commitment to service has resulted in an elite team dedicated to fighting for justice for Missourians.

I believe there is no greater calling than public service, and I thank you for the opportunity to serve as Attorney General for the citizens of this great state.

Respectfully,

A handwritten signature in blue ink that reads "Chris Koster". The signature is stylized with a long horizontal stroke at the end.

CHRIS KOSTER  
Attorney General



## Saving Money for Missouri Taxpayers

The Attorney General's Office is committed to saving money for Missourians.

Total 2009 Attorney General's Office budget . . . . . \$25,784,210

Dollars Generated or Saved by the Attorney General's Office:

Agriculture and Environment . . . . .	\$ 67,479,246
Consumer Protection . . . . .	15,085,599
Financial Services . . . . .	85,126,089
Governmental Affairs . . . . .	170,048,995
Labor . . . . .	20,697,199
Litigation . . . . .	83,183,253
Public Safety . . . . .	82,280,509

Total generated or saved by the Attorney General's Office  
**\$523,900,890**

For every dollar spent, the Attorney General's Office generated or saved \$20.32.



In March, Attorney General Koster hired a full-time staff member dedicated to educating government officials about the Missouri Sunshine Law. Public Education Director Tom Durkin traveled the state giving presentations and seminars to state, city, and county agencies on Missouri's open meetings and records law. In 2009, Tom gave 134 Sunshine Law presentations in 100 counties.

The Attorney General's Office is offering Sunshine Law training throughout the state. For more information about meetings in your area, please call 573-751-8844.

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**– Attorney General Chris Koster**





## Attorney General Victorious in School Funding Formula Case

On September 1, the Missouri Supreme Court voted to uphold the state's method of funding public schools. In a 7-0 decision, the Court agreed with the Attorney General's argument that the Missouri foundation formula for schools is constitutional.

The current school funding formula was passed and signed into law in 2004. About half of Missouri's school districts filed suit, challenging the adequacy and equitability of the formula.



**"I applaud the Supreme Court's ruling upholding our school funding formula. In 2005, the Legislature worked hard to devise a formula that would be as fair as possible to Missouri school children. Now it is time to put our focus back on education rather than litigation."**

***– Attorney General Chris Koster***



## Labor

The Labor Division attorneys provide general counsel and litigation services for the Missouri Department of Labor and Industrial Relations and its officers and agencies. The division also represents the state in crime victims' claims and workers' compensation cases of state employees. The Labor Division also represents the Department of Labor in all claims involving the Second Injury Fund.

In 2009, the Labor Division opened 9,706 claims and disposed of 10,331 claims through dismissal, settlement, or court decisions.

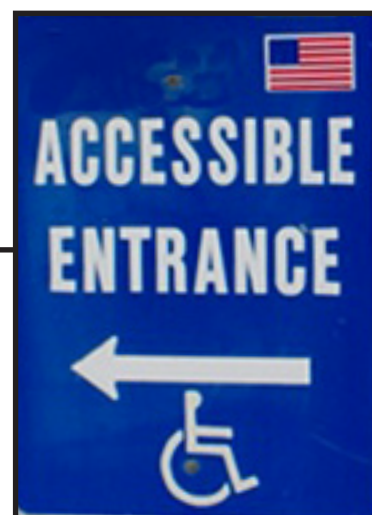
**Scorecard:** Using a mathematical formula involving the number of cases dismissed and the average disposition cost per case, the Labor Division calculated that the division saved the Second Injury Fund and businesses across Missouri more than \$20.7 million in 2009.





## Civil, Disability, and Workers' Rights

Prevailing wage, minimum wage, and child labor law violations are enforced by the Civil, Disability, and Workers' Rights Division. Division attorneys also serve as counsel to the Missouri Commission on Human Rights in cases before the Administrative Hearing Commission and subsequent appellate courts. In addition, attorneys in the division enforce the Missouri Unauthorized Alien Worker statute, which became law January 1, 2009.



### Notable cases:

#### *Department of Labor v. Advantage Telecom*

Advantage Telecom failed to pay prevailing wages to 22 employees under a contract with the Springfield R-12 School District to install a communications and computer system. The company was ordered to pay a \$16,750 penalty to the school district.

#### *State of Missouri v. Michael Robin and Plumbco*

Charges were filed against Plumbco Construction for failing to pay prevailing wages on a public works project in Jasper County. The company pleaded guilty and agreed to repay workers. This is the first time in state history the Attorney General's Office placed a Missouri construction company on the state's debarment list, excluding the company from obtaining public works contracts for one year.

The division investigated complaints of Unauthorized Alien Workers against ten companies in 2009. The investigations resulted in termination of the unauthorized workers and implementation of E-Verify – a federal program for employers allowing them to verify the validity of social security cards and immigration information.

**"Missouri's prevailing wage law has been clear for more than 50 years; prevailing wages must be paid on Missouri's public works and construction projects. Our office aggressively enforces the law and files charges against any contractor who is knowingly in violation and does not pay workers what they are due."**

**– Attorney General Chris Koster**





## Agriculture and Environment

The Agriculture and Environment Division aggressively protects Missouri's natural resources. Attorneys take legal action to stop pollution of the state's air, water and soil through injunctions, fines, penalties, and in the most serious cases, incarceration.

The division also works to protect and enhance agriculture and the quality of life for rural Missourians by enforcing the law and advocating responsible public policy.

Division attorneys represent the Department of Natural Resources and its constituent boards and commissions that regulate the use of the state's air, land and waters. The division is responsible for about 500 active cases, including administrative appeals before the department. Enforcement litigation is filed primarily in state courts to seek preliminary and permanent injunctions to ensure compliance with Missouri's environmental laws.



**Scorecard:** In 2009, the division recovered more than \$67.5 million in penalties, damages, and costs from polluters in cases in 80 Missouri counties and the city of St. Louis. In one case, Missouri was awarded more than \$64 million in environmental cleanup money as a result of a federal bankruptcy reorganization of American Smelting and Refining Company LLC (ASARCO). The case, filed in conjunction with the EPA and 19 other states, recovered a total of \$1.79 billion – the largest recovery of money ever for hazardous waste cleanup and restoration.

**Scorecard:** The Agriculture and Environment Division has worked on more than 1,600 legal matters in 2009.



## Agriculture and Environment Division 2009 Initiatives:

# Clean Water Initiative

Safe, clean water is crucial to both environmental stewardship and Missouri's economy. Missouri's 5.8 million residents must have confidence that the water we drink and the water our children play in can be trusted at all times. For these reasons, we must protect this vital resource from all forms of dangerous biological and chemical contaminants.

Water is critical to the economic future of our state. Our key location at the confluence of the Missouri and Mississippi rivers has blessed us with an abundance of water that allows industry to flourish. Our rivers must be protected for their scenic beauty and their value as a resource.



To protect our environment and to assure that we provide our children with a future of abundance, the Attorney General's Office will protect our streams, rivers, and groundwater from chemical and bacterial contaminants. We will keep our waters from being choked with contaminants that destroy a sound ecosystem. As Missourians, we share the opportunity and the obligation to protect this valuable resource.



**"We must be diligent stewards of the environmental integrity of this beautiful state. As such, we will continue to vigorously enforce the laws governing the use of our natural resources."**

***– Attorney General Chris Koster***





## Prosecution Bark Alert

The division teamed up with the Department of Agriculture to crack down on unlicensed dog breeders and substandard breeding facilities. Attorney General Koster and Department of Agriculture Director Jon Hagler together launched Prosecution Bark Alert in June as the second phase of the Department of Agriculture's Operation Bark Alert, an effort to clean up Missouri's puppy mills. The program resulted in the rescue of more than 2,000 dogs in 2009.

**"So often, we see cruel and inhumane treatment of the animals in abusive pet breeding operations," Koster said. "We have an obligation to protect the well-being of animals, and Missouri has recognized that obligation by passing laws outlining acceptable standards for pet breeders. This office will diligently continue to see that those laws are enforced."**

**– Attorney General Chris Koster**







## Governmental Affairs Division

The Governmental Affairs Division serves and protects the safety and well-being of Missouri citizens by ensuring that professionals who are required to be licensed by the state



(e.g., doctors, pharmacists, nurses, appraisers) adhere to state laws and disciplinary rules; enforcing state ethics and campaign finance laws; removing caregivers who abuse or neglect vulnerable citizens; prosecuting violations of nursing home standards; helping the mentally ill or physically challenged obtain guardians; ensuring appropriate Medicaid reimbursement;

enforcing the tobacco Master Settlement Agreement; and representing the Missouri Lottery Commission.

In 2009, more than 400 professional licensees were prosecuted for violations involving misconduct, negligence, or incompetence in the practice of their professions. Discipline ranged from reprimands to revocation of license.

- In July, embalmer, funeral director, and funeral establishment licenses of the owners of Warren Funeral Home were revoked for improper storage of bodies, unsanitary conditions, failure to file death certificates, and other record-keeping deficiencies.
- In 2009, the division finalized approximately 55 cases against real estate appraisers. Most of the cases involve discipline for failure to prepare appraisals in compliance with the Uniform Standard of Professional Appraisal Practice, some of which include fraud.
- The division in 2009 received more than 100 teacher discipline referrals. Causes for seeking discipline included classroom-related abuse or neglect; child abuse; DUI/controlled substance/miscellaneous driving offenses; assaults/domestic assaults/violations of orders of protection; thefts/tampering; and inappropriate relationship with a student/child pornography. Of the cases closed last year, outcomes included 4 suspensions, 9 revocations, and in 2 cases the division was successful in getting teachers' licenses revoked by the State Board of Education for their immoral behavior—having sex with their students and sending inappropriate adult photographs to students.

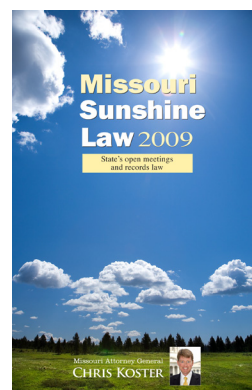
**Scorecard: The division in 2009 prosecuted 65 abuse and neglect cases and 96 guardianship cases.**

**Scorecard: During 2009, the division assisted the Division of Social Services' Medicaid program in its efforts to recover more than \$8.5 million improperly billed to Missouri's program.**



## Governmental Affairs Division (continued)

To promote open government, division attorneys in 2009 responded to 725 inquiries regarding the Sunshine Law. Questions came from county and municipal employees, elected officials, and private citizens. The division also provided Missouri citizens with thousands of copies of the Attorney General's Office booklet, "Missouri Sunshine Law."



## Tobacco Master Settlement Agreement

The Tobacco Unit continues to vigorously investigate and litigate violations of the Tobacco Settlement Agreement Act. During 2009 alone, tobacco companies paid over \$24 million into "qualified escrow accounts" as a result of the unit's enforcement efforts. The unit has continued to ensure that no company, no matter how small, can avoid the obligations imposed by Missouri law on all tobacco product manufacturers. Companies cannot even hide behind international borders: The unit obtained a judgment against a Brazilian tobacco company for over \$8 million. It has demanded—and obtained—compliance from companies located in Europe, Indonesia, and South Korea. The unit continues to pursue companies in India and South America.

The Tobacco Unit, with the aid of bankruptcy counsel at the National Association of Attorneys General, worked hard to ensure that companies did not use bankruptcy as an excuse to avoid obligations imposed by Missouri law. The unit played an important role in negotiating a settlement agreement that set aside a bankruptcy judge's decision to allow a tobacco company to hide behind the federal bankruptcy code while it continued to sell cigarettes in violation of Missouri law.

The Tobacco Unit also obtained seven judgments allowing the Department of Revenue to seize and forfeit cigarettes that did not comply with Missouri law. These contraband cigarettes have been or will be destroyed.

**Scorecard:** In 2009, Missouri received more than \$168 million from the Tobacco Master Settlement Agreement. Since the state began receiving money from the settlement, Missouri has seen more than \$1.5 billion added to the state coffers.



## Criminal Division

The Criminal Division represents the state in nearly every felony case, including capital cases, appealed to the Missouri Supreme Court and the three districts of the Missouri Court of Appeals. The division also represents the state in civil appeals filed in Sexually Violent Predator commitment cases.

**Scorecard: In 2009, the Criminal Division filed 814 appellate briefs in the courts of our state advocating on behalf of the safety of our citizens.**

### Notable cases:

The Criminal Division prevailed in the following cases:

- Leonard Taylor's first-degree murder convictions and four death sentences imposed on him by a St. Louis County jury for shooting and killing his girlfriend and for the execution-style murders of her three children, ages 5, 6, and 10.
- The conviction and death sentence of Kevin Johnson, who ambushed a Kirkwood Police Officer as he sat in his patrol car and killed him in an execution-style shooting.
- The conviction and death sentence of David Zink. Mr. Zink abducted, raped, and brutally murdered a young woman in St. Clair County in 2001.
- The murder conviction of Luther Martin, who duct-taped the pregnant victim, placed her in the trunk of her car, and set the car on fire, causing the victim to suffocate, killing her and her unborn child. This case out of Pulaski County was tried by our office.
- Blake McMilian's first-degree murder and forcible rape convictions for the 1984 rape and murder of a Kansas City woman. McMilian was caught and indicted for the crimes twenty years after committing them when Mr. McMilian was identified as the culprit from a "cold hit" on the statewide DNA database.







## Consumer Protection Division

The Consumer Protection Division protects Missourians from those who engage in consumer fraud, unfair and deceptive business practices, securities fraud, and anti-competitive conduct.

In 2009, Consumer Protection staff recovered more than \$9 million in restitution through investigations and informal mediation with businesses. In addition, through litigation efforts on behalf of Missouri citizens, the division obtained 36 judgments preventing deception, unfair practices, securities fraud, anti-competitive conduct, and violations of the telemarketing (Do Not Call) laws. The division recovered more than \$6 million in consumer restitution, penalties and consumer law enforcement on behalf of citizens.

**Attorney General Koster wants consumers to be informed and aware of notable consumer scams in our state.**

### Top Ten Consumer Scam List

1. **Service Contracts** -- In 2009, the Missouri Attorney General's Office received nearly 1,000 complaints from consumers who had received solicitations for or purchased automobile extended service contracts. Consumers complained that advertisements were misleading and attempted to pressure them into an immediate sale, and those who purchased complained of significant, undisclosed limitations on coverage.
2. **Mortgage Modifications** -- The Attorney General's Consumer Complaint Unit received a record number of complaints from consumers who had been charged exorbitant up-front fees by mortgage modification companies in exchange for promises to save their houses from foreclosure. These companies do little or nothing for consumers, while encouraging them to stop making mortgage payments, making foreclosure more imminent.
3. **Credit Repair/Debt Settlement and Consolidation** -- As many credit scores suffered in 2009, many scammers responded with false promises to "fix" consumers' bad credit rating or to erase their bad credit; these are usually nothing more than ways to take consumers' money. Some companies can charge between \$50 and \$1,000 before any substantive work has been done. The truth is that only time will heal bad marks on your credit, and genuine errors can be fixed for free. If you suspect an error on your credit report, or that your identity has been stolen, contact the Attorney General's Office at **800-392-8222**, or fill out our Identity Theft Complaint Form.





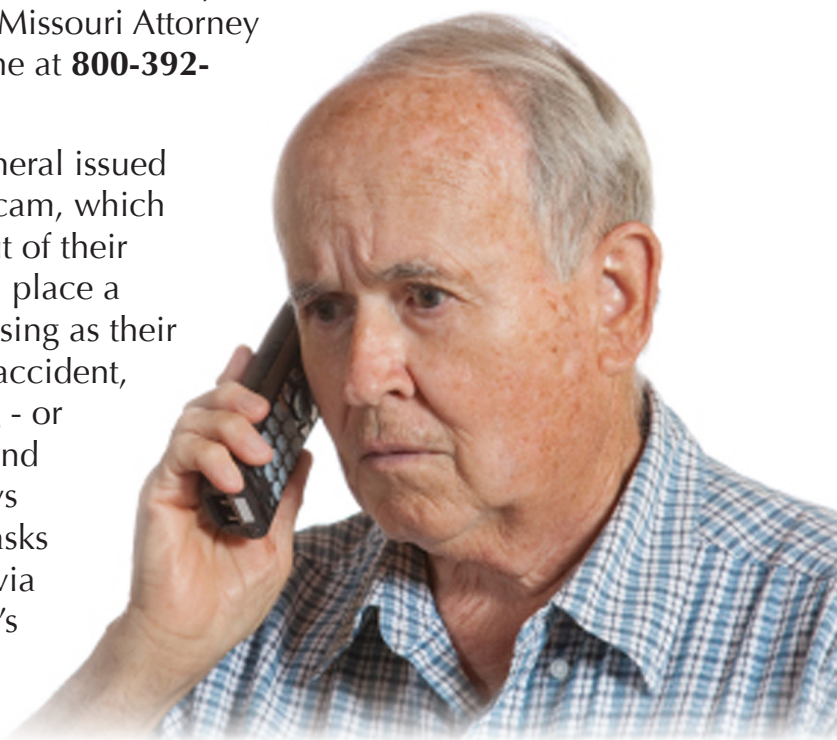
4. **Work-at-Home Scams** -- Last year many scammers took advantage of the tight job market by posting advertisements for work-at-home employment that were actually ploys to collect fees for “applications,” or “background checks,” or to steal consumers’ identity information. Beware of any unsolicited job offers, or any that ask you to pay a fee. You can also check Attorney General Koster’s KNOW MO website to make sure that you are applying to a reputable company.
5. **Acai Berry “Free” Trial Offers** -- The Consumer Complaint Unit received numerous complaints in 2009 regarding “free” trial offers of acai berry advertised by a multitude of companies on the internet. Consumers complained that the offers, instead of being “free” (except for a nominal shipping fee), were actually difficult or impossible to cancel, and ended up costing them a hefty price for the product month after month.
6. **Mystery Shopper** -- Attorney General Koster’s Consumer Complaint Unit was contacted by numerous consumers who had received unsolicited pieces of mail, e-mail or phone calls offering them jobs as secret shoppers. While legitimate offers do exist, many scammers may try to use these unsolicited ploys to steal a consumer’s identity or take money from customers while delivering nothing in return. Beware of any unsolicited offers that seem too good to be true, and never pay in advance to be a secret shopper.
7. **Card Services Phishing Scam** -- In January 2009, Attorney General Koster issued a warning to all Missourians of a phishing scam disguised as an offer to lower their credit card interest rates. The warning followed numerous calls to the Attorney General’s Consumer Protection Hotline from consumers who had been contacted, asked to press a number if they wanted to qualify for a better credit card interest rate, and then asked to enter their credit card numbers. Such scams to steal consumers’ identity information occur in different forms from time to time, using text messaging as well as the telephone. The Attorney General’s office advises consumers not to give out any personal information unless they initiate the call themselves.







8. **Telephone Cramming** -- Telephone cramming occurs when charges from a third party company for unordered or unwanted phone services such as personal 800 numbers, voice mail and calling cards are "crammed" onto a consumer's home telephone bill. It is important to monitor your monthly telephone bill, and, if you notice charges for unwanted services, contact your carrier and request that the charge be removed and the additional service be discontinued.
9. **Fake Checks** -- Attorney General Koster's Consumer Complaint Unit received numerous calls to its hotline from consumers who had received mysterious checks that they believed to be fake. These checks often came in connection with a foreign business or work-at-home offer, or notice that the caller had won a foreign lottery. For more information on how to spot a fake check, you can visit [www.fakechecks.org](http://www.fakechecks.org), or call the Missouri Attorney General's Consumer Complaint Hotline at **800-392-8222**.
10. **Grandparent scam** - The Attorney General issued a warning this December about this scam, which is aimed at swindling grandparents out of their savings. Koster said the scammers will place a phone call to unsuspecting seniors posing as their grandchild, saying he has been in an accident, is in jail - most often for drunk driving - or that the grandchild is in some other kind of trouble. He said the caller often says that the grandchild is in Canada and asks the grandparent to wire money there via Western Union. The Attorney General's Consumer Complaint unit saw a spike in calls regarding this scam in winter 2009.





## Consumer Protection Division (continued)

### Mortgage Fraud Zero Tolerance Campaign

In April, Attorney General Koster announced his “zero tolerance” campaign against mortgage scams in Missouri. With many homeowners struggling to keep their homes during the economic woes of 2009, Koster recognized that unscrupulous businesses were luring consumers into various mortgage scams, leaving them in an even worse financial condition. Many credit companies also sought to exploit the impact of difficult economic times on Missouri families.

**Scorecard:** The Consumer Protection Division filed 10 lawsuits against mortgage scams, foreclosure rescue, debt settlement, and credit repair operations in 2009.

**“The Attorney General’s Office will use all its powers to investigate and prosecute businesses that prey on and cheat desperate homeowners. These companies are not welcome in Missouri.”**  
– Attorney General Chris Koster

**Attorney General Koster testified on his efforts to combat mortgage scams and debt settlement fraud on July 14 before the United States Senate, telling senators that his office has seen sharp increases in consumer complaints related to both mortgage-rescue and debt-settlement businesses. In 2007 and 2008, the Attorney General’s Consumer Complaint Unit received 16 and 25 complaints respectively about mortgage-rescue companies. In 2009, the number of mortgage rescue complaints skyrocketed to 286.**

### Auto Service Contract Frauds

During 2009, the division received nearly 1000 consumer complaints alleging that marketers misrepresented the terms of auto service contracts or warranties. This category of complaints topped the division’s 2009 Top 10 complaint list.

In response to consumer concerns, Koster filed 12 new lawsuits against auto service contract marketers alleging deceptive telemarketing, letters and postcards, and violations of Missouri’s No-Call laws. He also alleged that some of the marketers used “bait and switch” tactics, luring consumers with claims that the consumers’ manufacturer warranty was about to expire, then switching the consumers to oil, fuel or radiator additives, which are priced at thousands of dollars and supposedly carry a product warranty covering a mechanical breakdown in the vehicle. This inferior coverage was designed by companies to evade state service contract regulations.





## Consumer Protection Division (continued)

### Operation Broken Charity

Attorney General Koster announced a multi-state enforcement effort against fraudulent charity fundraisers claiming to help police, firefighters, and veterans. The joint state-federal operation was dubbed "Operation Broken Charity," and Koster announced the effort alongside Federal Trade Commission Chairman Jon Leibowitz from the FTC office in Washington, D.C.

Missouri led a 33-state group investigation into one of the nation's largest donation solicitors, Community Support, Inc., which was using deception, including misrepresenting to residents that their contributions would be used locally, misrepresenting the percentage of their donations that would go to the charities, and misrepresenting to people that the solicitors themselves were members or retired members of police, firefighter, or veteran occupations. As part of the effort Koster filed criminal and civil charges against other fraudulent charity fundraisers.



### DISH Network Settlement

Missouri was one of five leading states in the multi-state investigation into DISH Network, which found the satellite TV provider and its third-party retailers engaged in deceptive and unfair sales practices. Missouri obtained a monetary recovery of \$325,000 in penalties and costs, along with restitution to consumers who were misled by the satellite company's sales practices.

Missouri received 261 complaints from consumers about DISH Network in 2006, when it opened its investigation. Consumers complained the company misrepresented the number of channels they would receive, whether they would receive local channels, and the final amount of their monthly bill. Consumers also complained that they had problems properly using credits and rebates because DISH Network failed to adequately disclose important terms and conditions, or additional fees. Some consumers complained that they were unable to cancel their accounts, and that DISH charged their credit cards or electronically debited their bank accounts without appropriate authorization.



## Public Safety Division

The Public Safety Division attorneys assist local prosecutors in serious or difficult trials and grand jury proceedings. They also prosecute workers' compensation fraud and noncompliance cases; prosecute abuse and neglect of nursing home residents and Medicaid fraud cases; civilly commit sexually violent predators; assist law enforcement and prosecutors with meth and computer crime cases; and represent the state in habeas appeals filed by convicted prisoners.

**Scorecard: In 2009, the Public Safety Division handled 446 special prosecutions in 83 counties and the city of St. Louis. The legal work saved the counties approximately \$1.8 million.**

### Notable cases:

- Lance Shockley was convicted of first degree murder and sentenced to death for the 2005 murder of Missouri State Highway Patrol Sgt. C. Dewayne Graham, Jr. Sgt. Graham had been conducting an investigation of the defendant's involvement in a motor vehicle accident from which he had left the scene and that had resulted in the death of a friend of the defendant. On March 20, 2005, upon learning that Sgt. Graham was getting close to seeking charges against him, the defendant went to the home of Sgt. Graham and laid in wait for him to return. At 4:00 p.m., Sgt. Graham finished his tour of duty and parked his patrol vehicle at his home. As he exited his vehicle, Lance Shockley assassinated Sgt. Graham. Shockley shot Sgt. Graham once in the back by a high powered rifle, severing his spine. The sergeant fell to the ground where he laid helplessly until the defendant shot him twice in face with a shotgun.
- Donald Nash was convicted of first degree murder and sentenced to life without parole for killing his former girlfriend. The body of the victim was discovered in rural Dent County in March, 1982. She had been strangled and shot. The case remained unsolved until DNA linked the defendant to the body of the victim many years later.



In 2009, division attorneys tried 7 different murder cases to verdict, with each resulting in a conviction. Four other murder cases ended in guilty pleas, with sentences ranging from 25 years in prison to life without the possibility of parole.

**Scorecard: The division in 2009 filed charges in 72 workers' compensation fraud and insurance noncompliance, an increase of 84.6% over the previous year.**





## Public Safety Division (continued)

### Sexual Predators

In 2009 division attorneys ensured the civil commitment of 25 sexually violent persons. This represents the highest number of civil commitments in one year since the inception of the law in 1999. Currently there are 136 people committed under the Sexually Violent

Predator law. None of these predators will be released into Missouri communities until that person's mental abnormality no longer causes them to be likely to commit sexually violent offenses.

**Scorecard:** Division staff served 816 crime victims, making 4,581 individual contacts with them in 2009.

### Habeas Corpus

Division attorneys defend the state in all habeas corpus actions filed by inmates in state and federal courts. Typically, these cases involve offenders filing lawsuits to challenge the basis or duration of their custody.

The unit successfully defended attacks to the use of lethal injection as the method of capital punishment by eleven death row offenders in *Clemons v. Crawford*

and defended an execution date for Dennis Skillicorn against multiple challenges by the convicted murderer. The unit also successfully defended challenges in state and federal

**Scorecard:** During 2009, the habeas unit defended the state's interest in 462 new cases in state and federal courts, a 13 percent increase over the previous year.

court against many first-degree murder convictions where a sentence of death was imposed. The unit continues to play an important role within the criminal justice system in protecting the state's interest in inmate litigation.





## Public Safety Division (continued)

### Medicaid Fraud

**Scorecard: The Medicaid Fraud Control Unit recovered a record \$81.6 million of taxpayers' money in 2009, more than doubling the previous record.**

#### Notable cases:

- The unit received \$31 million from Warrick Pharmaceuticals in settlement of a drug pricing lawsuit filed in St. Louis. The MFCU alleged Warrick fraudulently reported prices for their drugs dispensed to Medicaid recipients that were substantially greater than the actual price paid by the dispensing pharmacies.
- The State of Missouri, the United States, and the State of Illinois reached a civil settlement with Special Design Healthcare in Cape Girardeau. Under the terms of the settlement, Special Design Healthcare paid \$3.9 million (nearly \$1.5 million of which went to the State of Missouri) to resolve claims that they violated the False Claims Act by submitting false and fraudulent claims to the Missouri and Illinois Medicaid Programs.



**April 12, 2010**  
**MISSOURI ATTORNEY GENERAL**  
**MEDICAID FRAUD CONTROL UNIT**  
**ORDERED REPORT**  
**CALENDAR YEARS 1999 TO 2009**

YEAR	ORDERED
1999	\$1,996,042.11
2000	\$3,422,321.26
2001	\$2,619,230.83
2002	\$1,051,504.84
2003	\$7,419,484.72
2004	\$17,803,432.95
2005	\$29,833,174.16
2006	\$8,788,728.18
2007	\$14,230,628.98
2008	\$33,579,563.43
2009	\$81,659,904.74
<b>Grand Totals</b>	<b>\$202,404,016.20</b>



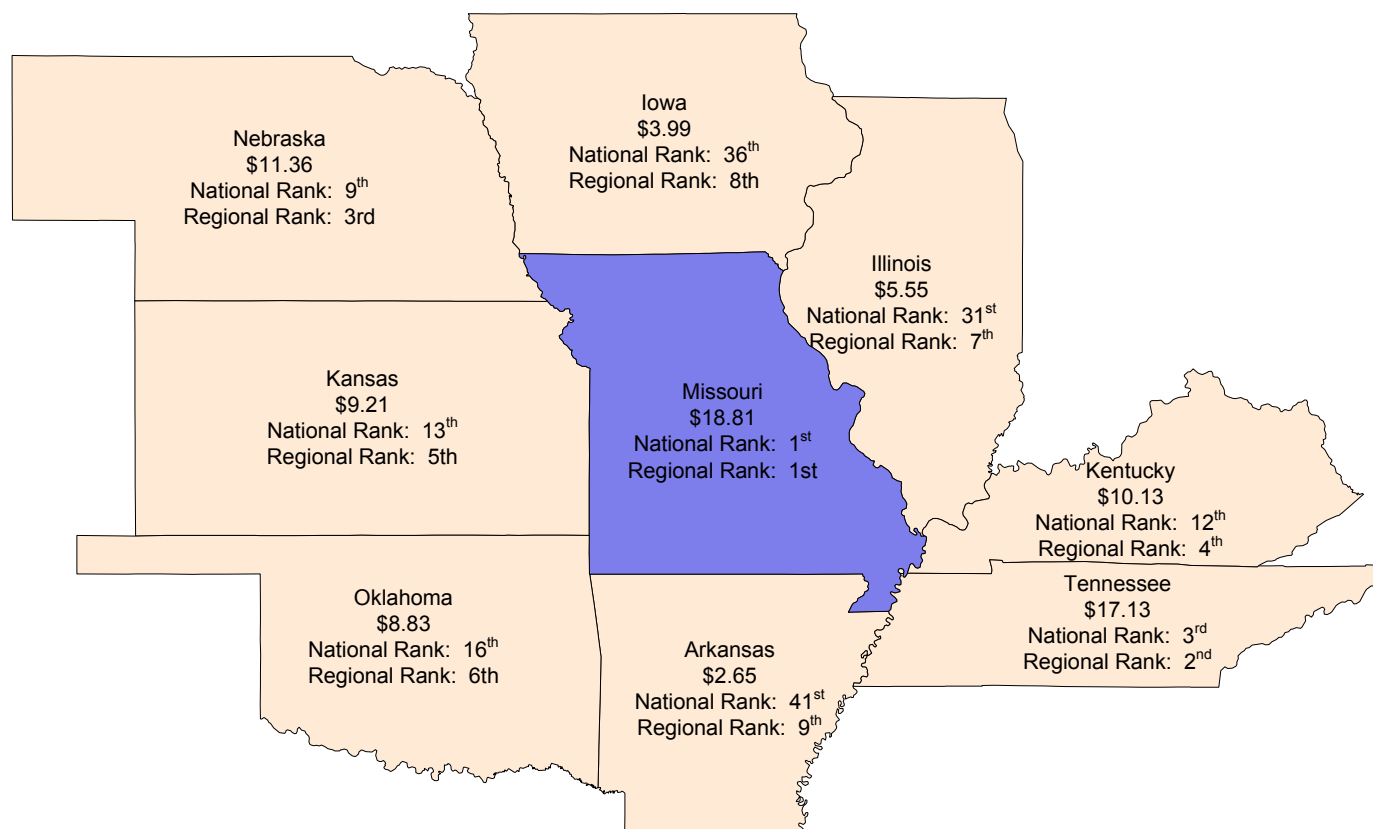


The U.S. Department of Health and Human Services ranked Missouri's Medicaid Fraud Unit number one in nation for federal fiscal year 2008. Based on the most recent data from HHS, the Medicaid Fraud Unit recovered \$18.81 for every grant dollar received in federal fiscal year 2008.



MISSOURI ATTORNEY GENERAL'S OFFICE  
MEDICAID FRAUD CONTROL UNIT

MEDICAID FRAUD RECOVERY PER GRANT DOLLAR  
FEDERAL FISCAL YEAR 2008





**MFCU Statistical Information for FFY 2008**

Rank	State	Federal Grant Award	Staff	Convictions	Recoveries	Civil Settlements and Judgement	Per Grant Dollar
1	Missouri	\$1,582,000	21	5	\$29,753,505	13	\$18.81
2	North Carolina	\$2,873,000	35	17	\$52,818,168	14	\$18.38
3	Tennessee	\$3,117,000	36	46	\$53,407,537	10	\$17.13
4	West Virginia	\$774,000	13	3	\$12,141,600	3	\$15.69
5	Ohio	\$4,000,000	45	94	\$61,528,611	53	\$15.38
6	Maine	\$682,000	7	7	\$10,048,543	9	\$14.73
7	South Carolina	\$1,052,000	14	36	\$14,991,093	8	\$14.25
8	Minnesota	\$1,225,000	11	16	\$16,745,248	24	\$13.67
9	Nebraska	\$642,000	8	4	\$7,293,912	14	\$11.36
10	Georgia	\$3,553,000	45	9	\$38,337,649	9	\$10.79
11	Texas	\$15,250,000	187	105	\$164,305,999	13	\$10.77
12	Kentucky	\$2,355,000	29	16	\$23,848,212	9	\$10.13
13	Kansas	\$977,000	14	10	\$9,002,195	0	\$9.21
14	Massachusetts	\$3,493,000	32	10	\$32,063,721	12	\$9.18
15	Indiana	\$2,490,000	44	30	\$22,221,309	30	\$8.92
16	Oklahoma	\$1,248,000	20	37	\$11,017,396	10	\$8.83
17	Washington	\$2,085,436	21	21	\$17,956,307	7	\$8.61
18	New Jersey	\$4,145,000	35	31	\$33,432,756	15	\$8.07
19	Vermont	\$588,000	6	14	\$4,716,140	9	\$8.02
20	New Hampshire	\$665,000	7	18	\$4,999,258	20	\$7.52
21	Oregon	\$1,161,000	12	27	\$8,519,846	13	\$7.34
22	Maryland	\$2,063,000	20	13	\$14,992,168	12	\$7.27
23	Pennsylvania	\$4,322,000	40	24	\$30,765,158	6	\$7.12
24	Louisiana	\$3,889,000	52	33	\$26,579,399	117	\$6.83
25	Florida	\$18,017,000	201	82	\$121,726,215	46	\$6.76
26	New York	\$39,269,000	336	139	\$261,151,102	199	\$6.65
27	Alabama	\$799,000	7	2	\$5,224,729	15	\$6.54
28	Virginia	\$4,327,000	44	18	\$26,143,293	9	\$6.04
29	Michigan	\$4,375,000	37	37	\$25,154,711	11	\$5.75
30	California	\$26,449,000	191	162	\$150,653,019	22	\$5.70
31	Illinois	\$7,189,000	54	35	\$39,929,938	13	\$5.55
32	South Dakota	\$293,000	5	8	\$1,614,779	10	\$5.51
33	Mississippi	\$1,953,000	25	28	\$10,104,023	5	\$5.17
34	Connecticut	\$836,000	7	3	\$4,016,030	5	\$4.80
35	Utah	\$1,050,000	10	5	\$4,788,574	7	\$4.56
36	Iowa	\$788,000	10	46	\$3,140,880	7	\$3.99
37	Wisconsin	\$1,180,000	12	14	\$4,611,344	6	\$3.91
38	District of Columbia	\$1,926,000	20	9	\$7,108,500	10	\$3.69
39	Colorado	\$1,112,000	13	2	\$4,067,807	9	\$3.66
40	Rhode Island	\$897,000	10	0	\$3,046,738	0	\$3.40
41	Arkansas	\$1,864,000	22	19	\$4,935,132	14	\$2.65
42	Nevada	\$1,440,000	15	19	\$3,092,270	3	\$2.15
43	Arizona	\$940,000	8	11	\$1,943,831	95	\$2.07
44	Wyoming	\$399,000	4	4	\$781,328	0	\$1.96
45	Hawaii	\$1,211,000	13	3	\$1,395,042	7	\$1.15
46	Alaska	\$552,000	5	22	\$564,945	4	\$1.02
47	New Mexico	\$1,492,000	16	3	\$1,492,407	27	\$1.00
48	Montana	\$510,000	8	0	\$470,997	8	\$0.92
49	Delaware	\$1,398,000	16	15	\$1,088,718	5	\$0.78
50	Idaho	\$667,000	8	2	\$37,954	4	\$0.06
	<b>Totals</b>	<b>\$185,164,436</b>	<b>1,851</b>	<b>1,314</b>	<b>\$1,389,770,036</b>	<b>971</b>	

**“One of my top priorities as Attorney General is to go after those who would cheat Missouri taxpayers by committing Medicaid fraud. We will continue to search for the unscrupulous people who would perpetrate this kind of fraud and recover public money stolen from our health care system.”**

**– Attorney General Chris Koster**





## Litigation Division

The Attorney General's Litigation Division defends the state and its elected officials, agencies, and employees against thousands of lawsuits each year. Division attorneys also handle some of the most complex issues facing the state, including defending constitutional challenges to state laws; advancing the state's interest in complex cases; defending the Boards of Police Commissioners and the police officers of the city of St. Louis and Kansas City; defending the state in employment and tort cases; and defending lawsuits filed by inmates.

The division successfully tried several cases to verdict. Division attorneys obtained a unanimous defense verdict in a case brought by a former employee of the Department of Corrections, Division of Probation and Parole, who claimed age discrimination and retaliation were the cause of her unsatisfactory performance evaluations and firing. They received two defense verdicts from juries in suits by prisoners during the year. Division attorneys also successfully defended a wrongful death claim seeking nearly a half a million dollars brought by the relatives of a state prisoner, convincing the jury that the decedent's actions were the primary cause of his injuries and death.







## Inmates

The Litigation Division closed 180 prisoner lawsuits in 2009. At the end of 2009, division attorneys were still working on 163 active case files. Although some of the cases are definitely odd, they must be vigorously defended to prevent other similar actions that could cost the state millions of dollars.

- An inmate in a Texas federal prison sued the Missouri Secretary of State complaining he was not placed on the 2008 presidential ballot as the Democratic candidate. The inmate's petition was dismissed. He appealed to the Supreme Court, which dismissed his appeal for failure to file the record on appeal.
- An inmate sued the state for not running a background check on a person he had requested be placed on his visitation list. The inmate thought the person would help with his criminal appeal and gave him some legal documents. The inmate never got the documents back and claimed the state should have run a background check, determined the person to be a fraud, and prevented the person from entering the institution. The suit was dismissed and appealed.
- An inmate who has filed more than 150 lawsuits since the 1980s sued the state claiming he was transferred from one prison facility to another in retaliation for filing a federal lawsuit. The federal lawsuit had been dismissed 10 months before his transfer. He also claimed retaliation for a conduct violation for fraud, but his own canteen receipts supported the fraud violation. The court sided with the state, and the inmate has appealed.



The division also continued its vigorous defense of those who uphold the law, including favorable decisions in 204 cases brought by inmates against corrections officials, getting the majority of those claims dismissed without trial.

**Scorecard: The Litigation Division closed 801 cases during 2009.**



## Financial Services Division

The Financial Services Division operates a Child Support Modification Unit, which litigates to modify and enforce child support obligations, and a Recovery Unit, which recoups money owed to the state.

**Scorecard: Because of the work of Financial Services Division attorneys and support staff in 2009, 1,215 children are entitled to an additional \$14.5 million in child support.**

Division attorneys litigate cases under the Missouri Incarceration Reimbursement Act to seek reimbursement for an inmate's cost of care. In 2009 the division opened 115 new cases and recovered nearly \$550,000 for the year.

Another service the division provides to Missouri is to recover restitution from probate estates when the deceased had received Medicaid or other state benefits. In 2009, division attorneys returned more than \$8 million to Missouri coffers.

**Scorecard: In 2009, the Financial Services Division collected more than \$85 million for Missourians.**

